

ELECTORAL COMMISSION

Questions from the Hon Courtney Houssos MLC

QUESTION 1

The Hon. COURTNEY HOUSSOS: *Mr Schmidt, I just wanted to ask you about some contracts that IVE or IVE Group have been awarded by the NSW Electoral Commission since 23 March 2019. What contracts have they been awarded?*

JOHN SCHMIDT: *I would have to take that on notice. If I remember correctly, it is some of our printing contracts. It is a very small field out there in the marketplace with some of these contracts.*

The Hon. COURTNEY HOUSSOS: *My understanding is that it is the postal votes.*

JOHN SCHMIDT: *It is the fulfilment or printing. It is in that space. But I will take on notice the exact contracts.*

ANSWER

Since 2015, the NSW Electoral Commission has signed five (5) contracts with IVE Group. These contracts were for the provision of the following goods and services:

1. Printing and Fulfilment Services (1/12/2014 to 30/6/2022)
 - Printing electoral pamphlets/flyers, election event operating procedures for elections staff, ballot paper printing
 - Includes State general elections in 2015 and 2019 and Local Government ordinary elections in 2021 and by-elections during the contract term.
2. Warehousing (30/9/2021 to 30/09/2023) (acquired from ADG trading as Markitforce in November 2021)
 - Secure storage, pick-and-pack and disposal of electoral material
3. Postal Vote Fulfilment – LGE21 (19/4/2021 to 30/4/2022)
 - Mailhouse services - early voting postal vote packs for Local Government Elections in 2021
4. iVote registration acknowledgement letters (22/12/2021 to 22/12/2022)
 - Mailhouse services – iVote registration acknowledgement letters for Local Government Elections in 2021
5. Postal Vote letter production (state by-elections) (03/02/2022 to 30/6/2022).

- Mailhouse services – early voting postal vote packs for State by-elections in February 2022
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QUESTION 2

The Hon. COURTNEY HOUSSOS: *Are you able to tell us how many contracts have been awarded to the IVE Group?*

JOHN SCHMIDT: *I will take that on notice.*

The Hon. COURTNEY HOUSSOS: *And the amounts for those contracts?*

JOHN SCHMIDT: *I will take it on notice.*

ANSWER:

From 2017, the expenditure on services under each contract provided to the NSW Electoral Commission by IVE Group or its predecessors (including GST) was:

1. \$5.783m - Printing and Fulfilment Services
2. \$1.057m - Warehousing
3. \$645,502 - Postal Vote Fulfilment
4. \$73,169 - iVote registration acknowledgement letters
5. \$86,042 - Postal Vote letter production (state by-elections)

It has not been practicable in the time available to undertake a detailed analysis of the expenditure between 2015 and 2017. It is estimated to be approximately \$4 million.

QUESTION 3

The Hon. COURTNEY HOUSSOS: *Do you know how many of these contracts went to open tender?*

JOHN SCHMIDT: *We follow the procurement guidelines, so some of our contracts will be a combination of open tender or rollover in certain specific circumstances. But, again, on notice we will come back to you with all the details.*

ANSWER:

Four out of the five contracts were signed following a competitive approach to market, that is, either an open tender or a competitive Request for Quote (RFQ).

One of the five contracts (iVote registration acknowledgement letters), which was valued at around \$73,000, was supplementary to (a “rollover”) of the previous Postal Vote Fulfilment contract.

QUESTION 4

The Hon. COURTNEY HOUSSOS: *Mr Schmidt, are you aware that the IVE Group—I am not sure if it is IVE or IVE Group—which also trades as Blue Star Group, had a cap of \$5,800 in 2015-16 but, according to documents that are available on your website, made a total of \$71,350 worth of donations? Can you explain why that would be the case and why that would be permissible?*

JOHN SCHMIDT: *I would have to take that on notice. I just need to put on the record and then you can continue asking questions that I am here as the Electoral Commissioner. Of course, it is the commission chaired by Arthur Emmett, the new chair, who deals with enforcement and regulation of political fundraising and political—there is overlap. I am a member of the commission when it sits in that sphere, but I am the commissioner in the sense of the electoral matters. I am always sensitive at these hearings about not transgressing into territory of the chair himself as he currently is not here. But I will happily take the questions on notice.*

ANSWER:

Political participants and major political donors are required to disclose to the NSW Electoral Commission donations made or received for the purpose of NSW elections. Some donors however also choose to disclose donations made for the purpose of federal elections.

The Electoral Commission publishes disclosures as made by major political donors.

In the case of the major political donor [disclosures](#) made by IVE Group Australia Pty Ltd for the 2015/16 period, a number of political donations were disclosed as being made for the purpose of federal elections or made in relation to a federal fundraising event.

In accordance with [section 95B\(2\)](#) of the now repealed *Election Funding, Expenditure and Disclosures Act 1981*, it was not unlawful to accept a political donation that exceeded the applicable cap if the donation was to be paid into an account kept exclusively for the purposes of federal election campaigns. A similar provision exists now in the *Electoral Funding Act 2018*.

Officers of the Electoral Commission routinely conduct compliance audits of disclosures of political donations made by political parties, candidates, groups and elected members. As part of these audits, a reconciliation of donations disclosed against major political donor disclosures is undertaken. In addition, disclosures of political donations received are reconciled against State and Local Government campaign accounts and other bank accounts held by political parties. These procedures aim to identify

undisclosed political donations for NSW elections or donations accepted in breach of the legislation.

QUESTION 5

The Hon. COURTNEY HOUSSOS: *Okay. I am just interested to know what policies are in place and, specifically, why you felt the need to go to this group who not only contracts to the Liberal Party but is also a major political donor, given the requirement on someone taking even a temporary job on the day—what is it, \$35 an hour or something—for political neutrality. This is an organisation that for many decades, I would say, has made political donations and done political printing for the Liberal Party and yet they are being provided with a very significant contract from the NSW Electoral Commission. You are aware that IVE Group does provide services to the Liberal Party? Did they disclose that to you?*

JOHN SCHMIDT: *I am not sure how I first became aware of it. I think we had an inquiry from one of the media outlets a couple of months ago along the same lines. I know there have been some reports in the media. The questions you ask do not surprise me. But I come back to it—when I have had internal discussions in the past, my recollection is that there was satisfaction with the probity of the tender process, and we are dealing in Australia. When it comes to large-scale, short-term volume and rapid turnaround services of this nature, there is a very, very limited market. We will explore that further in more detail, perhaps on another occasion.*

The Hon. COURTNEY HOUSSOS: *Perhaps you can provide on notice the list of services that the IVE Group has provided because my understanding is there was the 2019 election, there may have been some services for the 2015 election and also for the recent by-elections as well. If you can provide us with those, that will be very helpful.*

JOHN SCHMIDT: *Happy to do so.*

ANSWER

The Electoral Commission is aware of a connection between the IVE Group and a political party. That connection has not influenced the Electoral Commission's decision to procure the services of IVE Group. The services were procured after appropriate market testing, in accordance with NSW Government procurement policies, to ensure the delivery of value-for-money, high quality and time critical services to the Electoral Commission.

To support the security of ballot papers, as well as manage any perception of a conflict of interest, additional arrangements have been put in place to support the integrity of the service delivery process. These have included Electoral Commission staff being co-located at production sites of the supplier, 24/7 security services, and restrictions on which of supplier's personnel are permitted in production areas. These measures help to ensure that delivery process is performed in a secure and politically neutral manner, in accordance with the supplier's contractual obligations.

The services provided under contract with IVE Group are listed in the answer to Question 1.

QUESTION 6

JOHN SCHMIDT: *Thank you. If I could spend 30 seconds just in relation to a previous line of questioning and we will come back with much more detail in response to the questions on notice. My staff are obviously monitoring this back in the office. With those donations, the belief at this stage—they have not seen the document—is you have this situation where some political parties disclose donations which relate to Federal matters, which are not subject to the cap but because they are disclosed to us we still put them on the website. So that may well be the case, but we will confirm that with you.*

The Hon. COURTNEY HOUSSOS: *Thank you very much.*

ANSWER

The Electoral Commission publishes disclosures as made by major political donors.

In the case of the major political donor [disclosures](#) made by IVE Group Australia Pty Ltd for the 2015/16 period, a number of political donations were disclosed as being made for the purpose of federal elections or made in relation to a federal fundraising event. Further details of why donations for federal elections are not unlawful under NSW law have been provided in an answer to Question 4.

QUESTION 7

The Hon. COURTNEY HOUSSOS: *Mr Schmidt, I just wanted to come back to the questions we were talking about earlier with the IVE Group. Just to confirm, you are not aware of any requirements under existing contract arrangements for contractors who provide services to the NSW Electoral Commission to make some kind of political neutrality disclosure—the same kind of disclosure that an employee is required to make?*

JOHN SCHMIDT: *We have a statement of business ethics—I will be doing this in a haphazard fashion, so we will come back to you with details.*

ANSWER

Procurements by the Electoral Commission under the NSW Government contractual framework include an additional requirement for a supplier and its staff to comply with the Electoral Commission's [Statement of Business Ethics](#). The Statement provides for declarations about conflicts of interest, including political associations. A copy of the Statement is available on the Electoral Commission website.

The considerations that apply to managing the political neutrality of staff engaged by the Electoral Commission, who exercise the delegated statutory functions of the Electoral Commission and Commission, are necessarily different to suppliers.

The Electoral Commission's Statement of Business Ethics does not automatically disqualify suppliers due a known political affiliation. It does require, however, that associations that may impact on the Electoral Commission's key value of political impartiality be identified, disclosed and effectively managed. The options available for managing any perceived risks are considered in each case. In this case, the small market for printing and related services at the scale and within the timing constraints required for delivery of NSW elections was also a key factor in procuring these services. Measures have been able to be put in place by the Electoral Commission, therefore, that effectively manage the issues arising from the particular circumstances.

QUESTION 8

***The Hon. COURTNEY HOUSSOS:** Perhaps you can provide on notice the list of services that the IVE Group has provided because my understanding is there was the 2019 election, there may have been some services for the 2015 election and also for the recent by-elections as well. If you can provide us with those, that will be very helpful.*

***JOHN SCHMIDT:** Happy to do so.*

ANSWER

A list of all five contracts has been provided in an answer to question 1.